

1250.01 Referral of Delinquent Accounts Receivable

Issued January 1, 1994

SUBJECT: Referral of Delinquent Accounts Receivable.

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To provide guidelines for referral of delinquent accounts receivable to Treasury.

CONTACT AGENCY: Department of Treasury - Collection Division.

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SUMMARY: Some delinquent accounts receivable are to be dealt with by the respective agency. Others, as specified below, are to be referred to Treasury.

APPLICABLE FORMS: 985, State Agency Debt Referral. Contact Treasury for electronic transmission or paper filing instructions.

PROCEDURES:

Treasury:

- Under section 13(h) of Public Act No. 7 of 1953, has all the same powers, duties, functions, responsibilities and jurisdictions over collection of past due moneys and accounts owed to the State of Michigan or its departments, commissions or institutions that were given to the Attorney General by Public Act No. 375 of 1927, as amended, §§ 14.131 to 14.134 of Michigan Compiled Laws 1970.
- Responsibilities in this area are carried out by the Collection Division, subject to limitations of Attorney General's Opinion No. 2561 of October 8, 1956.
Note: Claims for which responsibility of collection lies with the agency by statutory enactment, are not referred to Collection Division.
Note: Claims requiring court proceeding to determine money owed to the State and/or currently in bankruptcy or other litigation are not referred to Collection Division prior to completion of court proceedings.

Agency:

- Maintains records of all claims submitted to Collection Division showing current status and balance due.
- If by statutory enactment, is responsible for making the collection, do not refer the claim to Treasury, Collection Division.
 - Does not refer claims to the Collection Division until collection efforts have been made at the agency for a 6 month period. This includes administrative efforts, i.e., suspension of license, etc. Claims may be submitted before the end of the 6 month period if previously approved by Treasury (e.g., to comply with federal regulations, State statutes or legislation).
- Must not refer claims for amounts less than \$100 to the Collection Division of Department of Treasury. Agencies must have proper controls in place to write off or otherwise maintain records for these debts.
- Must provide all claimants with a written notice of their right to an administrative review. If such review is held, a written response must be issued prior to referring the debt to Treasury.
- Must identify all claims referred to the Collection Division by a valid social security number or business account number. Claims submitted without an identifying number, or using an incorrect

number will not be accepted for collection unless approval has been granted by the Collection Division.

- Are responsible for year-end accrual of the account receivable for financial statement purposes on accounts referred to Treasury.

Other information:

- Refer to FMIS Manual 6.11 for administrative review and processing of delinquent accounts.

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Procedure 1250.01